

From: Karen Miller
Subject: Reg Z - Truth in Lending

Comments:

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Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
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My comments will mirror many that have been stated previously so I will be as brief as possible. The playing field has never been even between mortgage originators (of which I have been for 30 years) and banks and their employees who continue to commit the most egregious offenses and abuses against consumers as they are not required to disclose yield spread in any form, yet continue to collect it. They are not subject to most of the regulations and consumer protections that we must adhere to and therefore, whatever is imposed on us MUST be also enforced on every level with all who grant loans to consumers. That said, our pricing structure has multiple "hits" for all kinds of things, LTV, credit score, occupancy, combined loan to value, and on and on, plus lock extension fees, etc. I have absorbed tens of thousands of dollars of these fees for my borrowers, and given up my fee through yield spread premium. If we are not allowed to earn this money, the consumer will have to pay out of pocket for all charges related to their transaction which could cost them thousands of dollars they currently don't have to pay. More importantly, for consumers who don't have money for closing costs or room in the transaction, we can utilize yield spread to pay some or all of their fees. This is crucial to our ability to do the best job for our clients. If I do a loan for someone of \$417,000, and have to charge them my fee of 1%, \$4,170, instead of a rate just .125% higher, it may make the break even on the transaction 7 or 8 years, whereas if I earn my fee through yield spread, they start saving money right away and there is no break even. This proposal is a terrible idea all around and would result in tremendously increased costs for consumers, diminished options and opportunities for structuring transactions to benefit the consumer, and likely be the end of mortgage brokering especially if banks are not held to the same restrictions. Subprime loans and predatory lending came almost entirely from Household Finance, Beneficial, Countrywide, and other bank regulated institutions. I frequently saw Settlement statements from my clients

from past transactions with these companies where they yielded \$15,000 or more and gave the clients prepayment penalties, etc. That has largely been regulated out now thankfully but banks continue to charge 2% or more on the front and nobody knows what they yield on the back since they don't have to disclose. Mortgage brokers are the antidote to this problem as we are honest, ethical people trying to do the best job possible for our clients and we are able to offer them lower rates and fees, consistently than the banks are willing to give them, so it would be a tremendous disservice to the public and a death sentence to our industry to pass this proposal. Thank you very much for your time and consideration.